

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

|                                 |   |                  |
|---------------------------------|---|------------------|
| In the Matter of the Protest of | ) |                  |
|                                 | ) | DOCKET NO. 19908 |
| [REDACTED],                     | ) |                  |
|                                 | ) | DECISION         |
| Petitioners.                    | ) |                  |
| _____                           | ) |                  |

On October 11, 2006, the Tax Discovery Bureau (TDB) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NOD) to [Redacted] (petitioners) proposing additional income tax, penalty, and interest for tax year 2004 in the total amount of \$6,144.

A timely protest and petition for redetermination was filed by the petitioners' representative (representative). The representative or the petitioners have not requested a hearing. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision affirming the NOD.

[Redacted] The TDB, therefore, issued a NOD based on that information and adjusted the petitioners' Idaho return. The Commission finds that the TDB correctly recomputed the petitioners' tax liability [Redacted].

In the protest letter postmark December 4, 2006, the petitioners' representative stated:  
[Redacted]  
On January 19, 2007, the Tax Policy Specialist (policy specialist) sent the representative a letter to inform him of the alternatives for redetermining a protested NOD. On February 26, 2008, the policy specialist called the representative and requested the petitioners' most current letter from the IRS and a copy of the decision referred to in the petitioners' protest letter. A follow-up letter was sent to the representative on March 6, 2007. The representative did not respond to the letters or the requests made during the phone call.

Idaho Code § 63-3002 states that it is the intent of the Idaho Legislature, insofar as possible, to make the Idaho Income Tax Code identical to the Internal Revenue Code in the way taxable income is determined. Idaho Code § 63-3069 states that, upon a final determination of any deficiency or refund of federal taxes, written notice shall be immediately sent to the State Tax Commission by a taxpayer. IDAPA 35.01.01.890.03 Income Tax Administrative Rule states that immediate written notification is required within 60 days of the final determination.

From the cited Idaho Code sections and the Administrative Rule, it is apparent the Idaho Legislature intended any changes made to a taxpayer's federal return to be reflected on the taxpayer's Idaho return. Therefore, it is the Commission's position that the changes made to a taxpayer's federal return must be made to the taxpayer's state return.

Following Idaho Code § 63-3002, the adjustments should be made to the petitioners' Idaho income tax return. The petitioners have the burden of proving the adjustments were incorrect. The petitioners would like the Commission to re-audit [Redacted]. The Commission's position is that the petitioners must be granted relief at the federal level before relief can be granted at the state level. The petitioners have failed to carry the burden in this matter.

Since the petitioners have not provided the Commission with a contrary result [Redacted], the Commission must uphold the deficiency as asserted.

WHEREFORE, the Notice of Deficiency Determination dated October 11, 2006, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that petitioners pay the following tax, penalty, and interest:

| <u>YEAR</u> | <u>TAX</u> | <u>PENALTY</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------|------------|----------------|-----------------|--------------|
| 2004        | \$5,336    | \$267          | \$1,196         | \$6,799      |

Interest is calculated through September 24, 2008.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the petitioners' right to appeal this decision is enclosed.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

### **CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_, 2008, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]

Receipt No.

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